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**Transcript Exhibit(s)**

**Docket #(s):** W-20378A-05-0536

W-20395A-05-0536

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**Exhibit #:** S1, S2, S3, A1

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**MEMORANDUM**

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Arizona Corporation Commission

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2005 NOV 18 A 11: 58

FROM: Ernest G. Johnson  
*for* Director  
Utilities Division

NOV 18 2005

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LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

Date: November 18, 2005

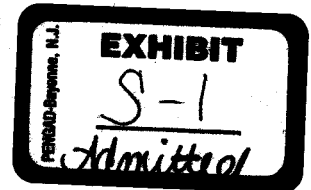
RE: STAFF REPORT FOR APPLICATION OF NEW LIFE TRUST, INC. FOR  
SALE OF ASSETS AND TRANSFER OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO DATELAND WATER LLC.  
(DOCKET NOS. W-20378A-05-0536 AND W-20395A-05-0536)

Attached is the Staff Report for the application of New Life Trust, Inc. for a sale of assets and transfer of its CC&N to Dateland Water LLC. Staff recommends approval of the transfer.

EGJ:LAJ:red

Originator: Linda A. Jaress

Attachment: Original and 13 Copies



Service List for: New Life Trust LLC  
Docket Nos. W-20378A-05-0536 AND W-20395A-05-0536

Mr. Ben Thomas  
3412 West 2<sup>nd</sup> Street  
Anacortes, Washington 98221

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

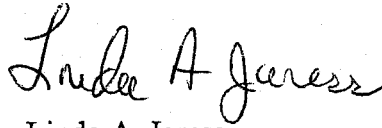
NEW LIFE TRUST, INC. AND DATELAND WATER, LLC  
DOCKET NOS. W-20378A-05-0536 AND W-20395A-05-0536

APPLICATION FOR SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF  
CONVENIENCE AND NECESSITY

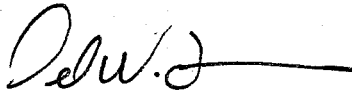
NOVEMBER 18, 2005

## STAFF ACKNOWLEDGMENT

The Staff Report for New Life Trust, Inc. and Dateland Water, LLC (Docket Nos. W-20378A-05-0536 and W-20395A-05-0536) was prepared by the Staff members shown below.

A handwritten signature in cursive script, reading "Linda A. Jaress".

Linda A. Jaress  
Executive Consultant III

A handwritten signature in cursive script, reading "Del Smith".

Del Smith  
Engineering Supervisor

**EXECUTIVE SUMMARY**  
**NEW LIFE TRUST, INC. AND DATELAND WATER, LLC**  
**DOCKET NOS. W-20378A-05-0536 AND W-20395A-05-0536**

On July 21, 2005 New Life Trust, Inc. ("New Life Trust" or "Company") filed an application for a sale of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Dateland Water, LLC ("Dateland"). On February 18, 2003, the Commission issued Decision No. 65649, revoking the CC&N of New Life Trust, based upon failure to file 2001 Annual Reports to the Commission. New Life Trust continues to operate without a CC&N.

New Life Trust, while under previous ownership, held non-utility assets along with utility assets. In an effort to totally isolate the utility assets from the business interests of the previous owner, the new owners are requesting approval to transfer the utility assets from New Life Trust to Dateland Utilities, LLC. The Company has expressed reluctance to make significant investments into the utility until the assets have been transferred.

The Arizona Department of Environmental Quality ("ADEQ") has determined that the Company is delivering water that does not meet the water quality standards set forth in the Arizona Administrative Code. The Company delivers water which exceeds the standard for fluoride. New Life Trust also has several other monitoring and reporting deficiencies.

Staff is concerned that the Company is serving water that has not been considered safe to drink by ADEQ. However, Staff believes that the first step toward resolving the problems of this Company is approval of the transfer of the assets to Dateland. Staff recommends approval of the transfer of assets requested. Staff believes that the transfer of the assets of New Life Trust to Dateland will provide the ownership with confidence that its future investments in the Company will be secure and will aid in the ultimate provision of water which meets ADEQ's standards.

However, because the Company does not hold a CC&N and is serving substandard water, Staff also recommends that the Commission order a moratorium on water service hookups. The moratorium should stay in place until further order of the Commission.

The application at issue was not only for the transfer of the assets but for the transfer of the CC&N that New Life Trust hoped would be reinstated and extended. Because the application for the reinstatement and extension of the CC&N is being withdrawn, Staff is not recommending approval of the transfer of the non-existent CC&N.

## **Introduction**

On July 21, 2005 New Life Trust, Inc. ("New Life Trust" or "Company") filed an application for a sale of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to Dateland Water, LLC ("Dateland").

## **Background**

The Commission granted New Life Trust, dba Dateland Utilities, a CC&N in Decision No. 61370, dated January 29, 1999. At that time, New Life Trust served 13 customers. The owner, Mr. Douglas S. Johnson, planned to serve 220 connections within the next five years and ultimately 4,000 customers at buildout of a planned subdivision. Mr. Johnson's development plans did not come to fruition and New Life Trust still serves only 13 customers.

On February 18, 2003, the Arizona Corporation Commission ("Commission") issued Decision No. 65649, revoking the CC&Ns of forty-five utilities including New Life Trust, based upon failure to file 2001 Annual Reports to the Commission. New Life Trust continues to operate without a CC&N.

On November 23, 2004, Mr. Johnson sold all of the shares of New Life Trust, Inc. to Youth Business Exchange, which is owned and managed by Mr. Robert Thomas. On June 13, 2005, Youth Business Exchange sold all of the shares of New Life Trust, Inc. to Messrs. Myron, Robert and Ben Thomas.

## **Applications**

Mr. Ben Thomas, secretary of New Life Trust, Inc., in an effort to put the business affairs of the utility in order, filed two applications with the Commission. The first application (Docket No. W-20378A-05-0536), filed July 1, 2005, was an application to reinstate the CC&N of New Life Trust and to include some additional property within the new CC&N. The second application, the application at issue, was filed July 21, 2005 and is a request for approval to transfer the assets and new CC&N from New Life Trust to Dateland Utilities, LLC. The principals of Dateland Utilities, LLC are the same as the new principals of New Life Trust.

New Life Trust, while under Mr. Johnson's ownership, held non-utility assets along with utility assets. In an effort to totally isolate the utility assets from the business interests of the previous owner, Mr. Thomas is requesting approval to transfer the utility assets from New Life Trust to Dateland Utilities, LLC. Mr. Thomas has expressed reluctance to make significant investments into the utility until the assets are in Dateland Utilities, LLC.

Staff has held several discussions with Mr. Ben Thomas regarding both applications. From the discussions, Staff has concluded that New Life Trust does not have adequate records or projections upon which Staff could perform analysis and make a recommendation regarding reinstatement, extension or transfer of the CC&N for this service area. For example, Mr.

Thomas cannot produce gallons pumped, specifications of the current plant, costs to upgrade or modify current plant, etc. Thus, Staff filed a letter of insufficiency in the CC&N docket (Docket No. W-20378A-05-0485) on August 1, 2005. On November 8, 2005, Mr. Thomas filed to withdraw the application to reinstate the CC&N of New Life Trust and extend its service territory. Staff agrees that Mr. Thomas is not prepared to go forward with the reinstatement and extension of the CC&N. The Company has not begun to perform the level of engineering planning, testing, financing, etc. that needs to be in process or completed before Staff would recommend approval of the reinstatement and extension of the CC&N. Staff also believes it is likely to take six to nine months for the Company to acquire a plan for the system. Staff supports the withdrawal of the CC&N application as a more efficient course of action than a long extension of the time clock or a denial of the application.

### **Compliance with the Arizona Corporation Commission and the Arizona Department of Environmental Quality**

New Life Trust is charging the rates approved in the decision which approved its CC&N and is aware of the applicability of the Arizona Administrative Code to the operations of a water utility. The Company is in good standing with the Commission's Corporations Division and the Utilities Division. Staff has not logged any complaints or comments from the customers of New Life Trust over the past three years. Also, the Company has no compliance delinquencies at the Commission.

The New Life Trust water system consists of one well, a pressure tank and distribution lines serving thirteen connections. There is insufficient data available to determine if the system has adequate capacity to serve the existing customer base. The Arizona Department of Environmental Quality ("ADEQ") has determined that the Company is delivering water that does not meet the water quality standards set forth in the Arizona Administrative Code. The Company delivers water which exceeds the standard for fluoride. New Life Trust also has several other monitoring and reporting deficiencies. Attached as Exhibit 1 is Staff's Engineering Report regarding this Company.

### **Conclusions and Recommendations**


Staff is concerned that the Company is serving water that has not been considered safe to drink by ADEQ. However, Staff believes that the first step toward resolving the problems of this Company is approval of the transfer of the assets to Dateland Water, LLC. Staff recommends approval of the transfer of assets requested. Staff believes that the transfer of the assets of New Life Trust to Dateland Water, LLC will provide the ownership with confidence that its future investments in the Company will be secure and will aid in the ultimate provision of water which meets ADEQ's standards.

However, because the Company does not hold a CC&N and is serving substandard water, Staff also recommends that the Commission order a moratorium on water service hookups. The moratorium should stay in place until further order of the Commission.



The application at issue was not only for the transfer of the assets but for the transfer of the CC&N that New Life Trust hoped would be reinstated and extended. Because the application for the reinstatement and extension of the CC&N is being withdrawn, Staff is not recommending approval of the transfer of the non-existent CC&N.

## MEMORANDUM

DATE: November 7, 2005  
TO: Linda Jaress  
FROM: Del Smith   
RE: Application of New Life Trust, Inc. dba Dateland Utilities for approval to transfer assets to Dateland Water, LLC (Docket No. W- 20378A-05-0536)

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### **Introduction**

New Life Trust, Inc. ("New Life" or "the Company") dba Dateland Utilities has applied to transfer its assets to Dateland Water, LLC. The Company's service area is located approximately 50 miles west of Gila Bend on Interstate 8 near the Dateland interchange in Township 7 South, Range 12 West.

In Decision 65649, dated February 18, 2003, the Commission rescinded the Certificate of Convenience and Necessity (CC&N) held by New Life. New Life had failed to file its 2001 Annual Report. New Life has been acquired by a new owner who in addition to filing the subject application also filed a companion application to re-establish the Company's CC&N (Docket No. W-20378A-05-0485).

### **New Life System**

The New Life water system consists of one well, a pressure tank and distribution lines serving thirteen connections.<sup>1</sup> Insufficient data exists at this time to determine if the system has adequate capacity to serve the existing customer base. In discussions with staff the new owner indicated that he plans to hire an engineer to study the existing system and develop a plan for completing the upgrades and expansion needed. This process is expected to take 6 to 9 months to complete.

### **Arizona Department of Environmental Quality ("ADEQ") Compliance**

ADEQ regulates the New Life water system under ADEQ Public Water System Identification No. 14-032. ADEQ has determined that this system is currently delivering water that **does not meet** the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. In addition to exceeding the

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<sup>1</sup> Information reported in Company's 2004 Commission Annual Report (*See Water Company Plant Description*).

MCL for fluoride, ADEQ reported that this system has several other Monitoring and Reporting deficiencies.<sup>2</sup>

Data for PWS ID 14-032 indicates an arsenic concentration that exceeds the new arsenic standard.<sup>3</sup>

### **Arizona Department of Water Resources ("ADWR") Compliance**

New Life is not within any Active Management Area, and consequently is not subject to ADWR reporting and conservation rules.

### **ACC Compliance**

A check of the Utilities Division compliance database indicated that there were no delinquencies for New Life.<sup>4</sup>

### **Conclusions**

1. Insufficient data exists at this time to determine if the New Life system has adequate capacity to serve the existing customer base.
2. ADEQ has determined that the New Life system is currently delivering water that **does not meet** the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
3. New Life is not within any Active Management Area, and consequently is not subject to ADWR reporting and conservation rules.
4. A check of the Utilities Division compliance database indicated that there were no delinquencies for New Life.

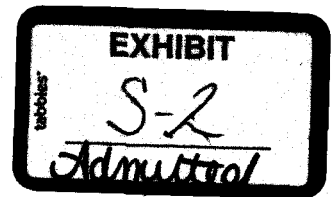
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<sup>2</sup> ADEQ Drinking Water Compliance Status Report dated 8-12-05.

<sup>3</sup> Based on information reported in Company's 2004 Commission Annual Report and contained in the ADEQ Arsenic Master Plan.

<sup>4</sup> Per Compliance Section email dated 7-28-05.

Arizona Department of Environmental Quality  
Water Quality Compliance Assurance Unit  
1110 W. Washington Street, 5415B-1  
Phoenix, AZ 85007



**Drinking Water Compliance Status Report**

Public Water System Name: Dateland Utilities

Public Water System ID #: 14-032

Public Water System Type: ☒ CO ☐ Non-transient Non-community ☐ Transient Non-community

Overall Compliance Status: ☐ No Major Deficiencies ☒ Major Deficiencies

Monitoring and Reporting Status: ☐ No Major Deficiencies ☒ Major Deficiencies

Comments:

This system is exceeding the MCL for fluoride.

This system has failed to do the initial base line lead and copper monitoring.

This system has failed to provide routine monthly total coliform monitoring for the months of January, February, March, April, May, June, October, November 2004 and April, May, June, July, August, September, October and November 2005.

This system has failed to provide calendar year 2003 and 2004 consumer confidence report.

This system has failed to provide the annual 2002, 2004 and 2005 nitrate analyses.

Operation and Maintenance Status: ☒ No Major Deficiencies ☐ Major Deficiencies

Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- |   |   |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi           | <input type="checkbox"/> inadequate storage           |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies             | <input type="checkbox"/> approval of construction     |
| <input type="checkbox"/> certified operator                 | <input type="checkbox"/> other                        |

Date of last inspection / sanitary survey: 4-6-04

**Administrative Orders:**

Is an ADEQ administrative order in effect? ☐ Yes ☒ No

Comments:

**System information:**

Number of Points of Entry 1 Number of Sources 1 Population Served 100

Service Connections 30 Initial Monitoring Year 2000 Initial MAP Year 2000

Evaluation completed by: Jim Puckett

Phone: 602-771-4649 Date: 1-19-06

Because of the previously identified exceedance, ADEQ has determined that this system is currently delivering water that does not meet water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.



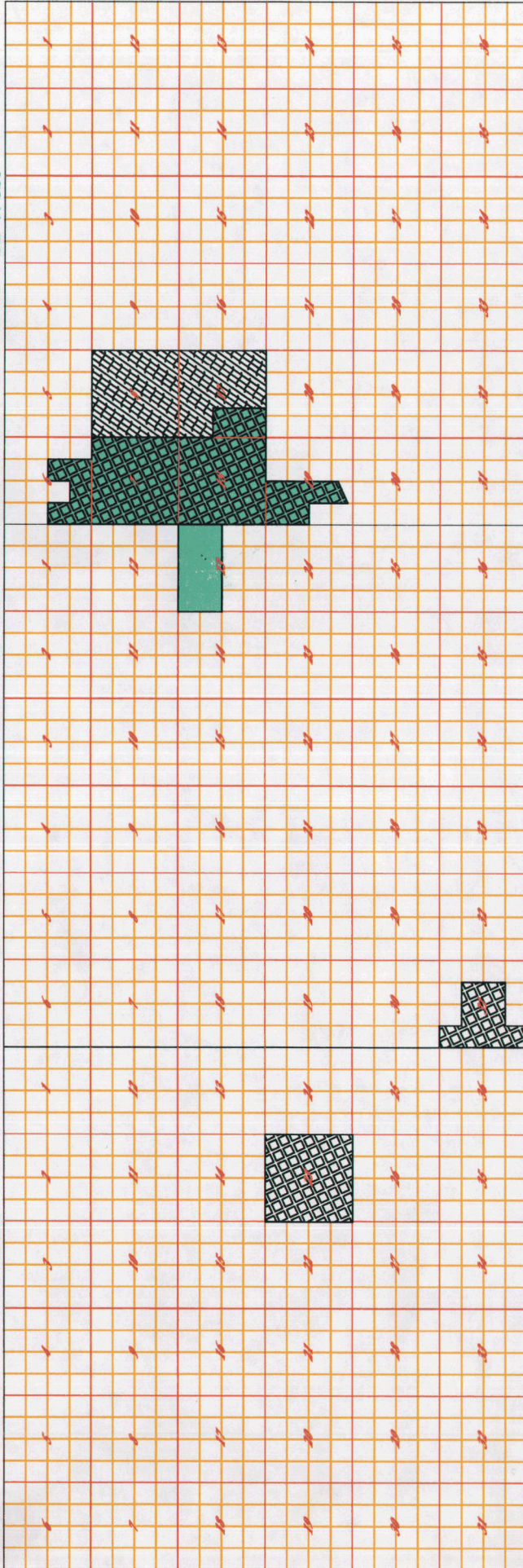
COUNTY: Yuma

RANGE 14 West

RANGE 13 West

RANGE 12 West

TOWNSHIP 7 South



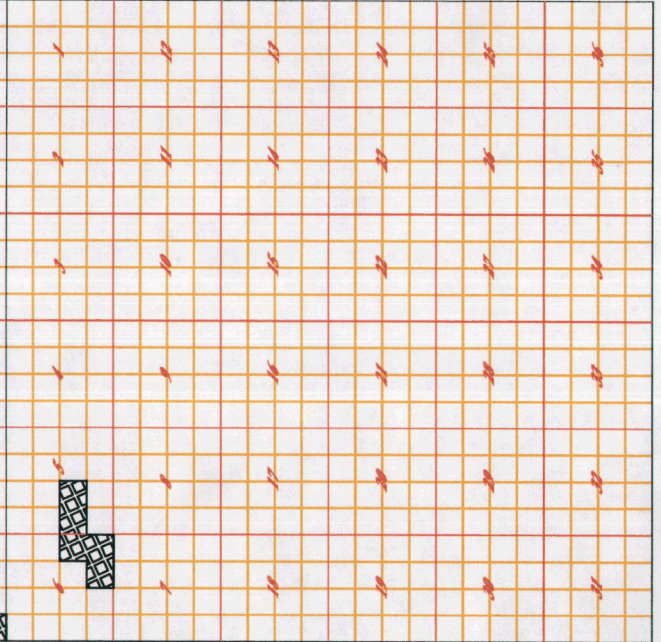
W-2027 (1)  
Dateland Public Service Company, Inc.

W-3537 (4)  
Dateland Utilities - Original CC&N Area

New Life Trust, Inc. dba Dateland Utilities  
Docket No. W-20378A-05-0485  
Application for CC&N

New Life Trust, Inc. dba Dateland Utilities  
Docket No. W-20378A-05-0536  
Application for Transfer to  
Dateland Water LLC  
Docket No. W-20395A-05-0536

TOWNSHIP 8 South



PERGAD-Bayonne, N.J.

**EXHIBIT**

S-13

Adm #1101





DOCKET # 20-20378A-05-0536 + 20395A 05-0536

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